

# UNITEHERE!

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Labor and Public Employees Committee Public Hearing  
February 18, 2010  
Testimony of Mandi Jackson, Research Analyst, Unite Here  
425 College St. New Haven, CT 06511

RE: HB 5061 – SUPPORT

Unite Here is a national labor union representing hundreds of thousands of workers in the hospitality industry and the service sector, with more than 6000 members here in Connecticut. We strongly support of HB 5061 to restrict the use of credit reports in employment.

Credit reports in employment should be restricted for four main reasons, which are detailed in the attached letter of support for HB 5061 from Tho Do, Unite Here's General Vice President for Immigration, Civil Rights, and Diversity:

1. **Credit checks in hiring create a fundamental "Catch-22" for job applicants in Connecticut**
2. **The use of credit in hiring discriminates against African American and Latino job applicants.**
3. **Credit history does not predict job performance**
4. **Credit reports are inaccurate.**

Fundamentally, the issue at stake is whether workers in hotels, food service and other industries are fairly judged based on their ability to perform a job or whether they're discriminated against because of their credit history.

TransUnion, a credit reporting company that has led efforts against legislation restricting this practice in Connecticut and other states, has suggested that credit checks will protect employers from employee theft or fraud. However, the company has no evidence to support this claim. At a recent informational hearing on this issue in Oregon, TransUnion representative Eric Rosenberg admitted, *"At this point we don't have any research to show any statistical correlation between what's in somebody's credit report and their job performance or their likelihood to commit fraud."*

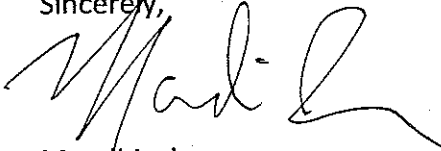
Our members have suffered wage cuts, layoffs and foreclosures during this economic crisis, all of which have impacted their credit history. As we work to rebuild our communities and our

economy, we believe that hard work and dedication, not discriminatory hiring tools such as credit reports, should be the economic passport for workers in Connecticut.

We call on you to stop the "Credit Catch-22" by supporting HB 5061 and restricting the use of credit checks in employment.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Mandi Jackson", with a stylized, flowing script.

Mandi Jackson  
Research Analyst  
Unite Here  
New Haven, CT 06511

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February 18, 2010

Representatives Edith G. Prague and Kevin Ryan  
Co-Chairs, Labor and Public Employees Committee  
Room 3800, Legislative Office Building  
Hartford, CT 06106

RE: HB 5061 – SUPPORT

Dear Representatives Prague and Ryan:

Unite Here, a national labor union representing hundreds of thousands of workers in the hospitality industry and the service sector, writes in strong support of HB 5061, your committee's bill to restrict the use of credit reports in employment. As families in Connecticut face the worst economic crisis of our generation, now is precisely the time for our leaders to ensure that employment discrimination has no place in our economic recovery.

We believe that credit reports in employment should be restricted for four main reasons.

**First, credit checks in hiring create a fundamental "Catch-22" for job applicants in Connecticut:** an applicant falls behind on her bills because she lost her job or her hours were cut, but she now can't get a job or a promotion because she's behind on her bills. Using credit reports in hiring creates a permanent barrier to employment for a growing portion of job seekers in Connecticut who are affected by the economic crisis.

**Second, the use of credit in hiring discriminates against African American and Latino job applicants.** The average credit score of African Americans is roughly 10% to 35% lower than that of Whites, while the average credit score for Latinos is roughly 5% to 25% lower than that of Whites, according to a 2004 study by the Texas Department of Insurance. Based on this disparity, the Equal Employment Opportunity Commission has repeatedly expressed concern that the use of credit in the hiring process violates Title VII of the Civil Rights Act by disparately impacting people of color. The racial credit disparity may increase in coming years, as foreclosures have disproportionately impacted African American and Latino communities that were targeted with high-cost loans.

**Third, credit history does not predict job performance.** Credit reports were designed to predict the likelihood that a consumer would default on a loan, *not* whether he would steal or behave irresponsibly in the workplace. The definitive study on this issue, presented to the

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JOHN W. WILHELM, PRESIDENT  
GENERAL OFFICERS: Sherri Chiesa, Secretary-Treasurer; Peter Ward, Recording Secretary; D. Taylor, General Vice President;  
Tho Thi Do, General Vice President for Immigration, Civil Rights and Diversity

American Psychological Association in 2003, concluded that credit history does not correlate with employee conduct.

TransUnion, a credit reporting company that has led efforts against legislation restricting this practice in Connecticut and other states, has suggested that credit checks will protect employers from employee theft or fraud. However, the company has no evidence to support this claim. At a recent informational hearing on this issue in Oregon, TransUnion representative Eric Rosenberg admitted, *"At this point we don't have any research to show any statistical correlation between what's in somebody's credit report and their job performance or their likelihood to commit fraud."*

**Finally, credit reports are inaccurate.** A 2007 Zogby poll reported that 37% of people surveyed found an error on their credit report, and half of these respondents reported that they could not easily fix the mistakes. Credit reporting companies have no publicly enforced standards for accuracy and have an economic incentive to maximize their sale of data, whether it's accurate or not. These companies should not be the gatekeepers to economic recovery for job seekers in Connecticut.

**Fundamentally, the issue at stake is whether workers in hotels, food service and other industries are fairly judged based on their ability to perform a job or whether they're discriminated against because of their credit history.**

TransUnion recently stated that credit reports are the "de facto economic passport for every individual in this country, whether you like it or not." Our members have suffered wage cuts, layoffs and foreclosures during this economic crisis, all of which have impacted their credit history. As we work to rebuild our communities and our economy, we believe that hard work and dedication, not discriminatory hiring tools such as credit reports, should be the economic passport for workers in Connecticut.

We call on you to stop the "Credit Catch-22" by supporting HB 5061 and restricting the use of credit checks in employment.

Sincerely,



Tho Do  
General Vice President for Immigration, Civil Rights and Diversity